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Diana T Fritz 03/15/2007 03:07:33 PM From DB/Inbox: Search Results

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SIPDIS
TELEGRAM

March 09, 2004

To: No Action Addressee
Action: Unknown
From: AMEMBASSY ABU DHABI (ABU DHABI 652 - UNKNOWN)
TAGS: EPET, PGOV, BEXP, ENRG, ECON, EINV
Captions: None
Subject: UAE OIL MINISTER: "OPEC MAY REVIEW PRODUCTION CUTS AT ITS MARCH 31 MEETING"
Ref: None

C O N F I D E N T I A L ABU DHABI 00652

SIPDIS
Laser1:
INFO: FCS
CXABU:
ACTION: ECON
INFO: AMB DCM POL P/M

DISSEMINATION: ECON
CHARGE: PROG

APPROVED: DCM: RALBRIGHT
DRAFTED: ECON:CCRUMPLER
CLEARED: ECON: OJOHN

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OO RUEHC RUEHHH RUEHDE RUCPDOC RHEBAAA RHEHNSC
DE RUEHAD #0652 0691359
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FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3462
INFO RUEHHH/OPEC COLLECTIVE IMMEDIATE
RUEHDE/AMCONSUL DUBAI IMMEDIATE 3759
RUCPDOC/USDOC WASHDC IMMEDIATE
RHEBAAA/DEPT OF ENERGY WASHDC IMMEDIATE
RHEHNSC/NSC WASHDC IMMEDIATE

C O N F I D E N T I A L ABU DHABI 000652

SIPDIS

DEPT FOR NEA/RA, NEA/ARP, INR/EC, EB/CBA, S/CT,
EB/ESC/IEC/EPC FOR MCMANUS
USDOE FOR INT'L AFFAIRS -- COBURN, CALIENDO, AND HUTTO
USDOC FOR 1000/OC/
USDOC FOR 4520/ITA/IEP/ONE
USDOC FOR 4530/ITA/MAC/ONE/DGUGLIELMI
4500/ITA/MAC/DAS/WILLIAMSON
3131/CS/OIO/ANESA
NSA FOR RICK KARP

E.O. 12958: DECL 03/09/09
TAGS: [EPET](#) [PGOV](#) [BEXP](#) [ENRG](#) [ECON](#) [EINV](#) [TC](#)
SUBJECT: UAE OIL MINISTER: "OPEC MAY REVIEW PRODUCTION CUTS AT ITS MARCH 31 MEETING"

[1](#)1. (U) Classified by Deputy Chief of Mission Richard
[1](#)A. Albright, for reasons 1.5 (B) and (D).

¶2. (U) UAE Oil Minister Obaid Al-Nasseri told reporters last week that OPEC would stand by the April 1 production cuts, but review its policy at the OPEC meeting at the end of March. Indeed, the UAE already has notified its major customers under term contract that it will reduce the volume of crude available in April in line with the OPEC mandate. The cuts also coincide with planned maintenance work on the crude production facilities at Das Island, which produces the Umm Shaif and Lower Zakum crudes.

¶3. (C) In a March 8 meeting with Econoff, the chief adviser to the UAE Oil Minister, Dr. Ibrahim Ismail, said that "something would have to be done" during the March 31 OPEC meeting if oil prices remained high during the next two weeks. He believes that OPEC should delay the April 1 production cuts until later this year to allow oil prices to return to the \$22-\$28 range, "but there are many oil ministers against revising the existing plan."

¶4. (C) Dr. Ibrahim said that some OPEC delegates argue that the market is balanced, and OPEC's projections show overall crude supply for the year will exceed demand by more than 1.5 million barrels per day. Others claim that the decreased value of the dollar (by about 30 percent vis- vis the Euro) means that the real price of crude oil remains within the \$22-\$28 OPEC price band. Still others blame the USG for driving up oil prices by increasing the stocks of the Strategic Petroleum Reserve by 7 percent during the last year. Dr. Ibrahim said he can only speculate as to the position OPEC states will take on March 31; he reminded Econoff that the September meeting proved that OPEC Oil Ministers still "had the guts" to surprise everyone.

¶5. (U) Coincidentally, the UAEG released figures March 8 that its windfall from high oil prices in 2003 caused GDP to reach a record \$74.3 billion last year - the most prosperous economic and fiscal year since the UAE's founding in 1971. Official figures showed the UAE's real GDP grew 4.7 percent in 2003.

Wahba